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THE REPORT

of the

GOVERNOR'S COMMISSION

on

SCHOOL FUNDING

Md. Y 3. Sc 37 :2/H /994
Maryland Governor's
Commission on School
Report of the Governor's
Commission on School



January 1994

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The Honorable William Donald Schaefer
Governor
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State House
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Dear Governor Schaefer:

On behalf of the Commission on School Funding, I am pleased to present to you our final report. At your request, we reviewed Maryland's school funding formula and recommended changes that address resource adequacy in all schools and provide incentives for continuous improvement.

The report includes a model for public school funding that requires a substantial financial investment in our children, as well as the commitment and knowledge of actions necessary to improve results in all our schools and ensure success for each child. It is built on the principles that have traditionally guided school funding in Maryland. It emphasizes:

- o **Adequacy** - Each school system and school in the state must have the resources and staff competencies to provide each student with a rigorous, fundamental education. State and local governments must share the responsibility for meeting this commitment, with the local share proportionate to the jurisdiction's capacity to collect the funds needed through property, income and other taxes.
- o **Educational Opportunity** - Because of the profound effect education has on an individual's future as well as Maryland's social and economic health, the state must devote additional resources to children with special needs so they can progress and learn equally rigorous content. To break the generational cycle of poverty, particular attention must be paid to ensuring that children living in poverty succeed in school.
- o **Results** - Each school system and school must continuously improve the education it provides to students, and must ultimately be responsible to the state for the results it achieves. Flexibility to meet the needs of unique populations in each school and school system must be coupled with a clear, strong accountability system that provides incentives for improvement and imposes sanctions on failing schools.

- o **Integrated Services** - With a clear emphasis on addressing the needs of children, educational and other services for children and families must be integrated through schools.

Central to these principles is the guiding belief that all children are capable of high levels of learning and that money well spent to overcome barriers to learning can make a real difference in the life of a child.

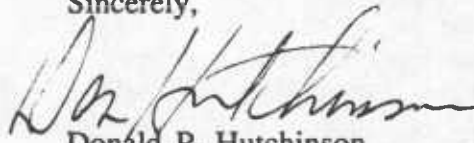
Our deliberations included an examination of revenue and expenditure projections for Maryland in the near future. Since modest economic growth is indicated for the next five years, we decided to suggest, in addition to the full implementation of our model, two alternative funding levels that recognize fiscal constraints. The first -- what we call "modified implementation" -- suggests a longer time period for achieving our vision for educating all children. The second -- "initial implementation" -- identifies priorities for funding in fiscal year 1995 and represents an important first step toward achieving our vision.

As chair of the Commission, I am grateful to you for the opportunity to work with such dedicated and thoughtful people who served on the Commission. They were steadfast in their commitment to this most important undertaking for the benefit of public schools and more importantly, the students they serve.

The Commission is, in turn, deeply grateful for the invaluable contributions of staff of the Maryland State Department of Education and the Department of Fiscal Services, as well as those from other State and local agencies. The Commission extends its heartiest appreciation to Dr. Lois Martin, Executive Director, for her excellent analyses and guidance and to Matt Keleman, Policy Analyst, for his outstanding research and writing abilities.

Finally, thank you, Governor for your tremendous support of public education and for your vision to make it even better.

Sincerely,



Donald P. Hutchinson
Chairman

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REPORT OF THE GOVERNOR'S COMMISSION ON SCHOOL FUNDING

Maryland's Constitution requires the General Assembly to establish and maintain a "thorough and efficient System of Free Public Schools." In Hornbeck v. Somerset (1983), the State Court of Appeals upheld the state's system of financing schools. Uniformity of spending among schools districts was not essential, the court ruled, "so long as efforts are made...to minimize the impact of undeniable and inevitable demographic and environmental disadvantages of any given child."¹

The General Assembly in 1984 strengthened the state's role in "equalizing" funding to offset local wealth disparities. In 1987, Governor Schaefer recommended and the General Assembly passed the Action Plan for Educational Excellence (APEX), the largest five-year increase in state aid to public schools in Maryland's history. However, despite increased state funds for public schools, concerns about the results achieved for students have persisted.

Current Situation

To assure that state appropriations are used effectively, the Governor's Commission on School Performance (Sondheim Commission) in 1989 recommended "the establishment of a comprehensive system of public accountability in which each school, each school system and the state are held responsible for student performance." Accountability, the Commission stressed, must be based on three fundamental principles:

- ◆ All children can learn.
- ◆ All children have the right to attend schools in which they can progress and learn.
- ◆ All children shall have a real opportunity to learn equally rigorous content.

To implement the Sondheim Commission's recommendations, the Maryland State Board of Education in December 1989 established the Maryland School Performance

¹ In 1983, the Task Force to Study Funding of Public Education (Civiletti Commission) identified eight principles to guide state education funding: (1) Equality of educational opportunity, (2) adequacy, (3) funding fairness, (4) special needs, (5) effectiveness and efficiency, (6) local control, (7) accountability, and (8) simplification. Maryland has a long history of attempting to provide equal educational opportunities for all its children, including the initiation of one of the first funding equalization programs in the nation in 1922.

Program (MSPP).² It sets high standards for student performance on a "vital core of student achievements;" reports each school's and school system's progress in meeting those standards; reports and analyzes data on factors that may influence school results; and, ultimately, intervenes in schools not achieving satisfactory results. MSPP generates the information with which policy makers can work to identify obstacles to school success that they can affect through changes in funding, and obstacles that must be addressed by other means.

The Maryland School Performance Program shows that despite the historically progressive goals of school funding in Maryland, the state's responsibility to assure that every child acquires the skills and knowledge to thrive in our society remains largely unmet in many schools. Traditionally, we have focused on educational expenditures as an indication of the capacity of each school system to succeed. MSPP data on student achievement in core subject areas, student demographics, and school resources highlight concerns more complex and more serious than simple expenditure disparities among school systems.

As we continue this era of education reform premised on rigorous expectations for all children, the most pressing problems of school funding in Maryland involve:

- ◆ the frequent inadequacy and wide disparity of the results achieved by school systems and schools throughout the state; and
- ◆ a lack of incentives for school systems and schools to use funds effectively to steadily improve results for all students.

Inadequate and Disparate Results

The Maryland School Performance Assessment Program (MSPAP) enables us for the first time to identify what our students know and are able to do at grades 3, 5 and 8 in

² Throughout this report, the acronym MSPP refers to the Maryland School Performance Program, the entire system for assessing student achievement, setting standards for achievement, reporting school progress, reporting on factors that may influence school success, and holding schools and school systems accountable for results. The acronym MSPAP refers specifically to the Maryland School Performance Assessment Program, the performance tests administered each spring to students in third, fifth and eighth grade. Unless otherwise noted, all data on results and expenditures are for the 1991-1992 school year, which corresponds to fiscal year 1992 and to the spring 1992 administration of the MSPAP tests.

mathematics, reading, science and social studies. Examination of 1992 school and school system test results yields several significant conclusions.

► *Results throughout the state are frequently inadequate.* The tests were constructed by Maryland educators and reflect teachers' expectations for student achievement. In November 1993, the State Board of Education adopted achievement standards for each subject and grade, specifying that 70% of students must reach a satisfactory level of achievement or better by 1996 for a school or school system to be rated "satisfactory." No school system met this standard in any grade or subject in 1992, although some schools did. In third grade, three out of ten students statewide read at levels teachers consider satisfactory, and similar figures held for mathematics (29.6%), science (35%) and social studies (36.8%). Although the need to bring all schools up to adequate levels of performance in all subjects is a concern throughout the state, the difficulty of this task varies from school to school and system to system. For example, 59.6% of eighth grade students in Howard County achieved satisfactory performance levels in mathematics, while the same is true for only 8% of students in Baltimore City.

► *Among school districts, disparities in results far exceed disparities in spending.*³ In fiscal year 1992, average spending per pupil in Maryland ranged from \$4,706 in Caroline County to \$7,377 in Montgomery County. Montgomery exceeded the state average (\$5,823) by 27% and Caroline fell 19% below the state average. Using the same scale to measure the percentage of eighth grade students reading at satisfactory levels, Montgomery jumps to 68% above the state average, and Caroline drops to 26% below the average. More telling, Caroline is not the lowest performing school system, as Baltimore City scores 65% below the state average on the eighth grade reading assessment, and four other school systems perform more poorly than Caroline⁴ (For more information on disparities among jurisdictions, see Exhibit 8, page 42).

► *The results for school systems do not necessarily reflect the results for individual*

³ Factbook 1992-1993, Maryland State Department of Education, and chart presented by Commission staff on July 21, 1993 (Reproduced as Exhibit 8).

⁴ Maryland School Performance Report, State and School Systems, 1992, 1993. These results are baseline data for future judgments about how well schools are progressing.

schools. MSPP focuses on the results of individual schools, recognizing that Maryland's generally large school districts may have schools that vary both in student characteristics and in results. For example, while 42% of Anne Arundel County fifth grade students were satisfactory in social studies in 1992, results in individual schools ranged from 7% to 86%. Likewise, Baltimore County has some elementary schools where fewer than 15% of fifth grade students were proficient in either mathematics or science, while other schools in the county exceeded the state's proposed satisfactory standard of 70% for these subjects.

► *The single best predictor of school results is the percentage of students approved for free or reduced price lunch.*⁵ Analyses of 1992 test results indicate a strong direct relationship between the performance of schools and the percentage of school populations approved for free or reduced price lunch. With few exceptions, school results in reading, math, science and social studies at each grade level assessed decline incrementally and consistently as the proportion of children living in or near poverty increases (See Exhibit 1, page 35). Schools with high proportions of students living in or near poverty have poor performance regardless of the school system in which they are located.⁶

Twenty-six percent of Maryland's public school students live in families with incomes at or near poverty levels. Most of Maryland's 192,171 poor public school students are in schools in:

Baltimore City (38.4%),	Prince George's (16.6%),	Montgomery (9.5%),
Baltimore (6.9%),	Anne Arundel (4.1%),	Washington (2.7%),
Allegany (2.5%), and	Harford (2.5%).	

The remaining sixteen school systems each have less than 2% of the state's poor children, comprising nearly 17% of the state total.

► *School systems and schools vary greatly in the proportion of students living in or*

⁵ Approval is based on United States Department of Agriculture guidelines for family income and size.

⁶ Memorandum to Donald P. Hutchinson, Chair, and Members of the Governor's Commission on School Funding, from Lois A. Martin, Executive Director of the Commission, August 26, 1993. National, Maryland State Department of Education, and local school system analyses of school results show that from at least half to as much as three-fourths of the differences among schools can be accounted for by family socio-economic status.

near poverty. More than 40% of the students in Baltimore City and Somerset, Allegany, Garrett, and Dorchester counties live in or near poverty, while fewer than 10% of students in Carroll and Howard counties are poor (See Exhibit 2, page 36). Among individual schools, all but eleven of the 117 elementary and secondary schools with the highest percentage -- 70% or more -- of poor students are in Baltimore City. Prince George's County has three such schools, while Allegany, Garrett and Montgomery counties each have one.⁷ Only Baltimore City has schools with 90-100% of their students living in or near poverty; and these Baltimore City schools outnumber **all** the schools in several jurisdictions, including Carroll County.

► *More than half of Maryland's minority students are served by schools in poor performing school systems.* 179,091, or nearly 60%, of Maryland's 302,585 minority students go to school in Baltimore City and Prince George's County, school systems that failed, respectively, the most (11) and the next most (7) of 13 existing standards in 1992. Their test results in grades 3, 5, and 8 for core subjects placed them consistently among the lowest performing school systems. Only one school system -- Montgomery County -- with minority enrollment above the state average of 40.2%, scored among the three highest performing school systems on grade 3, 5 and 8 tests. Montgomery County has 40.8% minority enrollment, or about 15% of the state's minority student population.

Few Incentives for School Improvement

In the four years since the publication of the Report of the Governor's Commission on School Performance (Sondheim Commission), Maryland has made great strides in the hard work of building a rigorous accountability system focused on improving school attendance, academic performance, and academic or occupational program completion. Through the Maryland School Performance Program, standards have been set to measure the progress of

⁷ The remaining five are all "alternative" secondary schools, distributed as follows: two in Washington County and one in each of Charles, Frederick and Somerset counties.

schools.⁸ MSPP requires school systems and schools to analyze their results and carry out long-range plans to improve them. In addition, the General Assembly has for the past two years funded a "Challenge Schools" program to provide support for 29 schools needing to make substantial improvements.

Finally, the State Board of Education can intervene in failing schools to oversee improvement. Schools are eligible for state "reconstitution" if their performance on the 1993 report card is below satisfactory and declining or their performance on the 1994 report card is below satisfactory and not substantially improving. A regulation approved by the State Board in November 1993 defines "reconstitution" as "changing one or more of the following: a school's administration, organization, staff, or instructional program." The action could be carried out by the local school system according to a plan it submits to the State Superintendent. If the state rejects a local plan, the state will determine the form of reconstitution.

Despite the significant progress achieved thus far, MSPP still lacks positive incentives designed to encourage better school results. Specifically, it is not supported by funding mechanisms that would reward success and improvement, assist all schools needing to make more substantial progress, or encourage schools and school systems to use funds more effectively by adopting programs and practices with demonstrated success. In addition, the allocation of some state funds through categorical programs limits the ability of school systems to determine, based on their own planning and analyses, the best use of resources to achieve better results.

⁸ Standards for attendance, promotion, and functional test performance were adopted in 1990 and 1991. The State Board adopted standards for the Maryland School Performance Assessment Program results in November 1993, specifying expected levels of performance for 3rd, 5th, and 8th grade students in reading, mathematics, social studies, and science. Test results are reported for five levels of proficiency, ranging from the highest (1) to the lowest (5), with level 3 representing adequate performance for the grade level. Schools with 70 percent of their students scoring at level 3 and above in each area would be judged satisfactory; beyond meeting the satisfactory standard, schools with 25% of students at level 2 or higher would be excellent.

Other Issues

The disparate results achieved by Maryland school systems and schools, the generally poor performance of schools with high proportions of poor children, the heavy concentrations of Maryland's minority children served by our lowest achieving metropolitan area school systems, and the paucity of incentives to improve results at all levels, are the primary problems of public education. However, two other issues merit attention: (1) local jurisdictions vary in their ability and willingness to support public education; and (2) state funding programs are not adjusted for the varying costs among jurisdictions of providing services.

Local Support for Education:

Good schools require strong local support. While 55.3% of the money spent on public school operations in fiscal year 1992 was provided by local jurisdictions (40.6% came from the state and 4.1% came from the federal government), several factors affect the abilities of school systems to meet the needs of their students.

1. The **fiscal capacity**, or ability of local jurisdictions to raise revenues, varies among local jurisdictions. With the highest taxable wealth base (\$418,901 per pupil), Worcester County can collect nearly four times more property and income taxes than can Somerset County, with the lowest tax base (\$108,706 per pupil) at the same tax rate. Although the state uses an "equalization formula" to offset local taxable wealth disparities in foundation aid, the Teachers' Retirement Program, which is 19% of total state aid to education in fiscal year 1994, reduces the impact of the foundation equalization formula.

2. **Tax effort**, or the extent to which local governments generate revenue for public services from their fiscal resources, varies. Only Baltimore City and Prince George's County make a tax effort above the state average, and Talbot County's effort, the lowest in the state, is less than half the state average.

3. **Education effort**, or willingness of local jurisdictions to fund schools, varies. Some devote resources to education beyond their apparent means and others, most notably Talbot County, fall well short of what would be expected, given their wealth.

4. **Competing Demands** among public services for a share of local appropriations

exacerbate funding disparities and inadequacies in some school systems. For example, despite Baltimore City's high tax effort and near average education effort, it devotes 36% of its locally raised funds to public safety (the highest percentage in the state) and 23% to elementary and secondary education (the lowest in the state).

Disparities in Costs:

Some states adjust funding levels to account for the varying costs among school systems of providing the same services (cost of education) or for the cost of living in various geographic areas. Maryland does not do this. Finally, the state's efforts to assist students with special needs -- children in poverty, children who do not speak English, and highly able students -- have been limited, even though these students can cost more than average to educate.

A New Model for Funding in Maryland

In light of the data showing successes or failures as well as the obstacles facing Maryland school systems and schools, we propose a new model for school funding. It is built on the principles that have traditionally guided school funding in Maryland. It emphasizes:

- ◆ **Adequacy** -- Each school system and school in the state must have the resources and staff competencies, along with the professional and community will to provide each student with a rigorous, fundamental education. State and local governments must share the responsibility for meeting this commitment, with the local share proportionate to the jurisdiction's capacity to collect the funds needed through property, income and other taxes.
- ◆ **Educational Opportunity** -- Because of the profound effect education has on an individual's future as well as Maryland's social and economic health, the state must devote additional resources to children with special needs so they can progress and learn equally rigorous content. To break the generational cycle of poverty, particular attention must be paid to ensuring that children living in poverty succeed in school.
- ◆ **Results** -- Each school system and school must continuously improve the education it provides to students, and must ultimately be responsible to the state for the results it

achieves. Flexibility to meet the needs of unique populations in each school and school system must be coupled with a clear, strong accountability system that provides incentives for improvement and imposes sanctions on failing schools. All state and local policies should reflect this emphasis on results.

♦ **Integrated Services** -- Education can no longer be viewed as an entity distinct from other public services. With a clear emphasis on addressing the needs of children, educational and other services for children and families must be integrated through schools.

Central to these principles is the guiding belief that all children are capable of high levels of learning and that money well spent to overcome barriers to learning can make a real difference in the life of a child.

Our expectations for a rigorous, fundamental education are the same for all children. The standards established in the Maryland School Performance Program apply to all students in the state, and standards set by school systems should likewise demand success from the entire student body. But, barriers to learning differ from child to child. Therefore, through its policies and resources, the state must focus on ensuring success in school for each child, regardless of the conditions in which that child lives.

Traditionally, the funding Maryland and other states provide for children is based on what school districts spend, regardless of whether that spending has achieved results. As the quality and usefulness of school data improves, the challenge we face today is determining *what it costs to achieve success* for each and every student.

This is most easily done for children who do not face significant barriers to learning, those we will call "typical, middle class" students. On balance, the lives of these children at home reinforce the learning that we expect to occur in school. These are the children for whom our schools have traditionally "worked," as demonstrated by Maryland School Performance Program data showing that schools throughout the state and counties that serve predominantly middle class students have met all or nearly all of the standards established and are among those making the best progress on the MSPAP tests.

Achieving success becomes more complicated and more costly for students facing significant barriers to learning. Among these barriers are poverty, disabilities, and limited

proficiency in English. Our data, as well as national and local studies of academic performance, show that poverty is now the greatest obstacle to participation and academic success in school. *This does not mean that poor children can not learn as well as their more advantaged peers.* However, to assure that each child living in poverty has a real opportunity to learn rigorous content, a continuum of services needs to exist in the school and community from birth through secondary school to reduce or eliminate the barriers to their learning.

Recommendations

Achieving this model requires a substantial financial investment in our children, as well as the commitment and knowledge of actions necessary to improve results in all our schools and ensure success for each child. We, therefore, make the following recommendations for public education in Maryland.

1. Provide foundation funding that is adequate for school systems to provide a rigorous, fundamental education. Three school systems -- Carroll County, Frederick County and Howard County -- have demonstrated a level of educational adequacy by their performance on the Maryland School Performance Program. These three systems also serve relatively low percentages of children living in poverty. They therefore offer a model of adequate education for middle class children, and their average spending should be used as an adequate foundation of funding for each child in the state, replacing the minimum foundation presently provided. The costs of several existing categorical funding programs should be folded into the higher foundation grant, to give local school systems more flexibility in how they spend money to improve results.⁹ State foundation aid to school systems should continue to vary depending on local taxable wealth, to provide greater assistance to less wealthy school systems. The state should continue to study the relationship between spending and results and should formally evaluate the foundation grant and the cost of adequacy within four years.

⁹ The categorical programs whose costs should be incorporated in the foundation grant are children at risk, environmental education, disruptive youth, innovative programs, community centers, local debt service, average daily attendance grants, out-of-county placements, schools near borders, and the bulk of public day special education funding. Transportation and magnet school grants should be transferred to the foundation over two years.

2. Require local jurisdictions to provide funding necessary for high quality education.

Overall, Maryland's counties and Baltimore City provide 55% of the funding for public schools and increases in local support have generally kept pace with increases in state aid. To ensure additional state aid does not result in reductions in local support, existing "maintenance of effort" requirements to fund education should continue. In addition, a county's appropriation should be no lower than the local share of a fully implemented foundation program.¹⁰ Based on fiscal year 1994 county appropriations, this requirement could affect two counties -- Talbot and Worcester. Finally, tax limitation measures can prevent local governments from adequately funding public services, including public schools. Therefore, an Attorney General's opinion should be sought on whether the legislature has the authority to prohibit local governments or voters from adopting such tax limitation measures.

3. Increase and target funding for children living in or near poverty. To ensure the availability of instructional resources for children living in poverty, the state should allocate to school systems \$500 for every child living in poverty, as measured by students' approved applications for free or reduced price lunch. Allocations should be adjusted for local wealth and should be spent to extend learning opportunities for poor children in each school in which they are enrolled. Above this initial grant, the state should provide grants of \$1,500 for each child living in poverty to schools that submit comprehensive plans to reduce or eliminate obstacles to the success of poor children in rigorous educational programs. This grant would be phased in over several years, in order to build the state's and local school systems' capacity to assist schools in developing successful educational programs. In determining grant recipients, the State Superintendent and State Board of Education would give priority to schools with the highest concentrations of children living in poverty, where the need to improve performance is most critical. High poverty schools should also receive state aid to offer full day kindergarten to children living in poverty. Funding should be

¹⁰ A fully implemented foundation program is one based on average expenditures in the counties considered adequate. As in the current foundation program, the local share differs among jurisdictions depending on their taxable wealth. Wealthier jurisdictions are expected to cover a larger share of total costs with local revenue than are less wealthy jurisdictions.

phased in beginning in fiscal year 1996, with the highest poverty schools served first. Finally, the state should expand its pre-kindergarten Extended Elementary Education Program for four-year-old poor children, by increasing funding to strengthen programs in existing sites and opening 146 additional sites.

4. Mandate the integration of existing and additional resources and services for families and children beginning at birth and extending through secondary school to address problems that interfere with learning. Parents are the primary educators of children and schools alone cannot make all the changes needed to improve education, particularly for children living in poverty. A continuum of services needs to exist to support children and families from birth through secondary school. Children from birth through age five and their families should be able to access publicly funded services at a single location in their communities. If state and local funds targeted to young children are not being consolidated in each jurisdiction through the efforts of mandated Local Planning Entities, the state should withhold those funds (including pre-kindergarten funds, poverty grants and a range of other programs).¹¹ In addition, the state should provide grants to school systems to offer a range of services in one school, which would serve as a model for collaboration among the school, social services, juvenile justice, health, library and recreation agencies. Each school system in the state should be granted \$75,000 and should be expected to match that amount with local funds. How services are coordinated and delivered should be determined locally and with the participation of all sectors of the community, including families, schools, and businesses. However, like the "family resource centers" and "youth service centers" being developed in Kentucky, New Jersey and elsewhere, these pilot schools should be considered the one place in a community where families with children can go to be referred or to receive essential services.

¹¹ Local Planning Entities were mandated in 1990. They are intended to be broadly representative of health, education, social services, juvenile justice, mental health, local government, advocates, citizens and private provider groups. Presently, nine jurisdictions -- Caroline, Dorchester, Garrett, Kent, Montgomery, Prince George's, Queen Anne's, and Talbot counties, as well as Baltimore City -- have operating Local Planning Entities. The other fifteen counties are at various stages of complying with the law.

5. Provide additional funding for special education services. For each child needing Intensity 5 services in public schools, the state should provide an additional \$4,000 to school systems. This grant should be extended to pre-school handicapped children in the Maryland Infants and Toddlers Program. Current funding should be maintained for students requiring non-public day and residential services and for students returning to Maryland from placements in other states.

6. Provide additional funding for limited English proficiency services. The state should provide \$500 for every student identified as limited English proficient, continuing and writing into law the funding program initiated by the General Assembly in fiscal year 1994.

7. Provide additional funding for services to highly able students. The state should provide to school systems an additional grant of \$500 for 1.5% of their student populations to increase their capacity to identify and serve highly able children.

8. Freeze at the fiscal year 1995 level the state's contribution to the Teachers' Retirement Program and continue funding at that level. Local jurisdictions would be responsible for funding the difference between the fiscal year 1995 state contributions to teacher pension plans as salaries increase in future years.

9. Create incentives for school performance that reward success and improvement, assist schools needing to improve, and impose sanctions for consistent failure in schools and school systems. In addition to Challenge Schools funding, provide funding to support an expanded state role in promoting improved school performance, including intervention in and "reconstitution" of schools that consistently fail to improve.¹² In addition to this effort, the Maryland State Department of Education should identify and train successful teachers and principals from around the state who agree to serve as "consultant educators" to failing

¹² Planning efforts to improve performance in schools eligible for reconstitution should be undertaken collaboratively, with involvement from the state, school system, local government, school staff, administration, parents, students, and other community representatives.

schools. Also, the state should recognize and financially reward the achievements of schools demonstrating significant progress toward Maryland School Performance Program standards and schools that achieve excellence for all subgroups in their population (i.e., all racial and ethnic groups, males and females, and middle class and poor children). School improvement teams would determine how rewards are spent to further improve the instructional program.

10. Require school systems to utilize fully the expertise of principals, teachers, parents, and other members of school communities in assuring the success of all students. The Maryland School Performance Program holds each school accountable for the performance of its students and each board of education and superintendent responsible for the performance of their schools. Everyone must play a part in improving the productivity of public schools. State and local governments must provide adequate and effective resources. School boards and superintendents must delineate school staff responsibilities and assure that staff have the authority necessary to fulfill those responsibilities. Teachers must work collaboratively to overcome barriers to the success of each student. Parents must be expected and helped to participate with the faculty as partners in their children's education, which extends beyond the school walls. Finally, principals must provide knowledgeable, purposeful and energetic leadership to assure that the school's management and instruction enable each child to succeed.

11. Require staff development for teachers and principals that is cost-effective, focused on school improvement, and firmly linked to the Maryland School Performance Program. Educators, compared to other professionals, have very little or no on-the-job opportunity to upgrade skills or to develop new ones. Yet, the competencies required to teach or lead a school change constantly with new curricula, technology, and responsibilities for schools. In addition, regular opportunities for staff to learn how to improve can make the difference between poor or marginal performance and success. The State Board of Education should charge local boards with earmarking a specific proportion of state aid for professional development beyond the "professional days" and tuition reimbursement typically budgeted. This should be targeted for specific school and professional improvement purposes.

Justification should be provided to the State Superintendent if it is not done. In addition, the Commission endorses the State Board of Education's request to the General Assembly that, for budgetary purposes, staff development for teachers and principals be considered an instructional expenditure rather than an administrative one.

12. Require the State Board of Education to review all collective bargaining agreements between school systems and employees to determine if any provisions conflict with State Board case decisions. Based on this review, the State Board should mandate the elimination of any contractual language not in compliance with established case decisions. Furthermore, in the case of a school identified for reconstitution, the State Board should determine if any contractual provisions inhibit the school's ability to provide adequate educational programs. The State Board may then grant waivers of such provisions to local school boards that request them as part of a reconstitution plan.

13. Require the State Board of Education to review the exemptions from state law afforded to individual jurisdictions to determine if they inhibit a school system's ability to provide adequate educational programs. The State Board would determine whether these exemptions should be eliminated, whether other systems should be exempted from the same provisions, or whether exemptions should remain as they are, and make appropriate recommendations to the General Assembly.

Implementing the Recommendations

Under current law, state aid to public schools will increase \$634 million over the next five fiscal years, due primarily to enrollment growth. To fully implement these recommendations, and thus achieve the principles of adequacy, opportunity, results and integrated services, overall state funding by fiscal year 1999 should increase by an additional \$571 million, raising the total increase over that time period to approximately \$1.2 billion by fiscal year 1999 (See Exhibits 3 and 4, pages 37 and 38).

Our deliberations included an examination of revenue and expenditure projections for Maryland in the near future. Since modest economic growth is indicated for the next five

years, we decided to suggest, in addition to the full implementation of our model, two alternative funding levels that recognize fiscal constraints. The first -- what we will call "modified implementation" -- suggests a longer time period for achieving our vision for educating all children. The second -- what we will call "initial implementation" -- identifies priorities for funding in fiscal year 1995 and represents an important first step toward achieving our vision. The funding implications for all three funding implementation levels are described in greater detail in the tables on pages 18 through 23.

Modified Implementation:

A longer implementation period would move the state toward the model of adequacy at a slower pace and require, by fiscal year 1999, \$332 million above what is projected under current law (See Exhibits 5 and 6, pages 39 and 40). This alternative differs from full implementation in one important way: foundation funding increases at a slower rate each year, reaching \$4,822 per student by fiscal year 1999. This represents a 50% increase over the foundation for fiscal year 1994, recognizing that the foundation amount suggested by average expenditures in the counties that have achieved educational adequacy (Carroll, Frederick and Howard) is significantly higher than the foundation program currently in law. This alternative emphasizes the need to continue studying the cost of adequately educating children and the relationship between spending and results. If this alternative is chosen, all recommendations beyond foundation funding should be fully implemented.

Initial Implementation:

The Commission is committed to every component of its model. However, the state's difficult fiscal situation might preclude major funding increases to support the model in the 1994 legislative session. Under such circumstances, the state should maintain current funding programs and implement several priorities, which would require \$47.3 million above projected funding (See Exhibit 7, page 41). Meanwhile, the State Board and State Department of Education should continue to increase the accountability of schools and school systems and to delineate the connection between funds and results.

The most critical priority is to provide better learning opportunities to poor children.

The state should begin offering grants of \$1,500 for every child living in poverty, to schools that develop comprehensive plans to reduce or eliminate obstacles to the success of poor children in school. In addition, the State Department of Education should require funding in the existing Compensatory Education Program to be allocated by school systems directly to the schools in which poor children are enrolled to extend services to those children.¹³ The state's pre-kindergarten Extended Elementary Education Program for disadvantaged four-year-old children should be expanded to serve more children and the state should require local jurisdictions to provide health, education and social services collaboratively to help reduce barriers to learning.

Other financial priorities include funding to support children with limited English proficiency, funding to reward districts with high attendance rates, and funding to support an expanded state role in promoting improved school performance. The non-monetary recommendations -- strengthening local effort requirements, including the whole school community in improving results, strengthening professional development opportunities, examining collective bargaining agreements, and reviewing jurisdictions' exemptions from state law -- should likewise be enacted immediately.

* * *

The following tables (pages 18 to 23) provide specific on each of the Commission's thirteen recommendations. Each table provides a description of the current program or policy to which the recommendation relates, as well as which actions should be taken under the alternative levels of implementation -- full, modified, and initial.

Detailed financial information for the state and jurisdictions can be found in Exhibits 3 through 7 (pages 37 to 41).

¹³ Implementation plans developed jointly by school systems and the State Department of Education would phase this change in over a two to three year period.

Recommendation	Current Program	Full Implementation	Modified Implementation	Initial Implementation
1. Provide foundation funding that is adequate for local school systems to give each child a rigorous fundamental education. Include the costs of existing categorical funding programs in the foundation to give school systems increased flexibility in how state aid is used to improve school performance. Continue to adjust funding based on local taxable wealth to provide greater assistance to less wealthy school systems.	The state provides a minimum foundation based on spending in Maryland's twenty-four school systems. The foundation, which is 75% of average per pupil spending from three and four years prior to the year under consideration, is to be achieved by a combination of state aid and local support. State aid is determined by multiplying the foundation by school system enrollments and adjusting allocations for local wealth. The state provides additional support through several categorical funding programs.	Provide an adequate foundation equal to per pupil spending in school systems that have met state performance standards and serve relatively low proportions of children living in poverty. ¹⁴ Fold the costs of several existing categorical funding programs into foundation. ¹⁵ Continue to adjust state aid based on the wealth of local jurisdictions, providing more assistance to less wealthy school systems. Evaluate the foundation grant and the cost of adequacy within four years.	Increase minimum foundation funding by 50% over the next five years, reaching \$4,822 by fiscal year 1999. This recognizes that the foundation suggested by the "adequate" counties is significantly higher than current foundation funding. Adjust state aid based on the wealth of local jurisdictions. Fold the costs of several existing categorical funding programs into foundation. ¹² Continue to study the cost of adequacy.	Maintain current foundation funding and continue supporting categorical funding programs.
Total Cost (FY 95)	\$1,358 billion	\$1,426 billion	\$1,394 billion	\$1,358 billion

¹⁴ The three school systems that meet these criteria are Carroll County, Frederick County and Howard County. Carroll County and Howard County met all thirteen existing MSPP standards in 1992. Frederick County met twelve of thirteen standards. Although no school system has met the proposed standards for the MSPAP tests, several -- including Carroll, Frederick and Howard -- are much nearer to meeting these additional twelve standards than are the majority of school systems. These three systems also serve relatively low percentages of children living in poverty (8.4% in Carroll County, 13.0% in Frederick County and 5.9% in Howard County, compared to a state average of 26.1%). Average per pupil spending in these school systems was \$5,512 in fiscal year 1992.

¹⁵ The categorical programs whose costs are incorporated in the foundation grant include children at risk, environmental education, disruptive youth, innovative programs, community centers, local debt service, average daily attendance grants, out-of-county placements, the bulk of public day special education funding, and schools near borders. Transportation and magnet school grants will be transferred to the foundation over two years.

Recommendation	Current Program	Full & Modified Implementation	Initial Implementation
2. Require local governments to provide the funding necessary for a high quality education, and ensure that additional state aid does not result in reductions in local support.	<u>Maintenance of Effort:</u> To receive the state's share of current expenses, local governments must levy taxes sufficient to provide the local share determined by the current expense formula. In addition, county appropriations must keep pace with enrollment growth and must match or exceed spending in the prior year.	Maintain existing requirements to fund education. Require a county's appropriation to be no lower than the wealth equalized local share of the foundation program representing average per student expenditures in Carroll, Frederick and Howard counties. ¹⁶ Seek an Attorney General's opinion on whether the legislature has the authority to prohibit local governments from adopting tax limitation measures, which may prevent them from adequately funding public services, including public schools.	Maintain existing requirements to fund education. Seek an Attorney General's opinion on whether the legislature has the authority to prohibit local governments or voters from adopting tax limitation measures, which may prevent them from adequately funding public services, including public schools.
<i>Total Cost (FY 95)</i>	\$0	\$0	\$0

¹⁶ Based on fiscal year 1994 county appropriations, this supplemental requirement could affect two counties -- Talbot and Worcester.

Recommendation	Current Program	Full & Modified Implementation	Initial Implementation
<p>3. Increase and target funding for children living in or near poverty.</p>	<p><u>Compensatory Education:</u> For each child eligible for Federal Chapter 1 services, the state initially allocates a dollar amount equal to 25 % of the basic costs used to determine current expenses. Allocations are then adjusted for local wealth. A "reducing factor" is applied to bring the costs back down to the original total state allocation. Each school system must spend a portion of Compensatory Education funds to provide programs for children with special education needs resulting from educationally disadvantaged environments.</p> <p><u>Extended Elementary Education Program:</u> In some Chapter 1 eligible schools, the state provides funding for pre-kindergarten services to disadvantaged four-year-old children.</p>	<p>1. Modify the Compensatory Education Program: (a) Fix the dollar amount at \$500 and adjust it for inflation; (b) base funding on the number of students approved for free or reduced price lunch; and (c) require school systems to allocate funds directly to schools that serve poor children to extend learning opportunities for those children.</p> <p>2. Provide \$1,500 for each child living in poverty to schools that submit comprehensive plans for redesigning educational programs for poor children. As the program is phased in, give priority to schools with the highest concentrations of children living in poverty.</p> <p>3. Provide funding for full-day kindergarten to children attending high poverty schools.</p> <p>4. Increase funding for the Extended Early Education Program to support a higher level of funding in existing sites and open 146 new sites.</p>	<p>Require school systems to allocate Compensatory Education funds directly to schools that serve poor children to extend learning opportunities for those children. Provide \$20 million in grants of \$1,500 for every child living in poverty to schools that submit comprehensive plans for redesigning educational programs for poor children. Among the schools with the best plans, the State Superintendent and State Board of Education will give priority to schools with the highest concentrations of children living in poverty. Increase funding for the Extended Early Education Program.</p>
<p><i>Total Cost (FY 95)</i></p>	<p><i>\$83.0 million</i></p>	<p><i>\$144.4 million</i></p>	<p><i>\$115.0 million</i></p>

Recommendation	Current Program	Full, Modified, & Initial Implementation
4. Mandate the integration of existing and additional resources and services for families and children beginning at birth and extending through secondary school to address problems that interfere with learning.	Each local jurisdiction must have a Local Planning Entity to coordinate the use of resources targeted to children and families.	Ensure that children from birth through secondary school and their families can access publicly funded services at a single location in their communities. If state and local funds targeted to young children are not being consolidated through the efforts of mandated Local Planning Entities, withhold those funds. Provide grants of \$75,000 to school systems, and require matching with local funds, to provide a range of services for one school as a model for collaboration. All sectors of the local community, including families, schools, and businesses, should participate in determining how services are coordinated and delivered.
<i>Total Cost</i>	<i>\$0</i>	<i>\$1.8 million</i>

Recommendation	Current Program	Full & Modified Implementation	Initial Implementation
5. Provide additional funding for special education services.	Three separate state aid programs serve students with disabilities: (1) funding to support programs in the public schools; (2) funding to help pay for students in non-public day and residential settings; and (3) funding to help school systems develop in-state programs for students being educated out-of-state (the returnees fund).	Include the costs of the bulk of special education services in the foundation, in order to promote, as much as feasible, the inclusion of students requiring low intensity special education assistance in regular classrooms. For each child needing Intensity 5 services in public schools, provide an additional \$4,000 to school systems. Extend this grant to pre-school children with disabilities in the Maryland Infants and Toddlers Program. Maintain funding for students requiring non-public day and residential services and for students returning to Maryland from placements in other states.	Maintain current special education funding.
<i>Total Cost (FY 95)</i>	<i>\$137.3 million</i>	<i>\$108.2 million</i>	<i>\$137.3 million</i>

Recommendation	Current Program	Full, Modified & Initial Implementation
6. Provide additional funding for limited English proficiency services.	In fiscal year 1994, the General Assembly allocated on a one-time basis \$500 for every student identified as limited English proficient.	Continue and write into law the limited English proficiency funding program initiated by the General Assembly in fiscal year 1994.
Total Cost (FY 95)	\$0	\$6.0 million

Recommendation	Current Program	Full & Modified Implementation	Initial Implementation
7. Provide additional funding for services to highly able students.	The Maryland State Department of Education sponsors summer enrichment programs for highly able students.	Provide to school systems an additional grant of \$500 for 1.5% of their student populations to increase their capacity to identify and serve highly able children.	Maintain existing funding for highly able students.
Total Cost	\$1.1 million	\$5.4 million	\$1.1 million

Recommendation	Current Program	Full & Modified Implementation	Initial Implementation
8. Freeze the state's contribution to the Teachers' Retirement Program.	The state pays the full cost of the employer's share of pensions for professional staff employed in the public schools.	Freeze at the fiscal year 1995 level the state's contribution to the Teachers' Retirement Program and continue funding at that level. Require local jurisdictions to fund the difference between the fiscal year 1995 state contributions to teacher pension plans as salaries increase in future years.	Continue full state payment of the employer's share to the Teachers' Retirement Program.
Total Cost (FY 95)	\$376.7 million	\$376.7 million	\$376.7 million

Recommendation	Current Program	Full & Modified Implementation	Initial Implementation
<p>9. Create incentives for school performance that reward success and improvement, assist schools needing to improve, and impose sanctions on schools and school systems failing to progress.</p>	<p>For three years, the legislature has funded Challenge Grants to low performing schools prepared to undertake significant restructuring of their educational programs.</p>	<p>Continue Challenge Grant funding. Provide \$2.1 million to support an expanded state role in promoting improved school performance. This includes: the identification and training of successful teachers and principals who agree to serve as "consultant educators" to failing schools; intervention in and "reconstitution" of schools that consistently fail to improve; and recognition and financial rewards for schools demonstrating significant progress toward Maryland School Performance Program standards and schools that achieve excellence for all subgroups in their population (i.e., all racial and ethnic groups, males and females, and middle class and poor children). Continue to increase the quality and usefulness of data collected to continually examine the relationship between resources and results.</p>	<p>In addition to the provisions already described, provide \$5.5 million to continue the high attendance grant program initiated in fiscal year 1994 by the General Assembly. Jurisdictions would receive \$900 per student for the percentage of their students in attendance in excess of the state average attendance rate.</p>
<p>Total Cost (FY 95)</p>	<p>\$7.9 million</p>	<p>\$10 million</p>	<p>\$15.5 million</p>

Statement of Commissioners Laurence Levitan, Sheila Hixson, Edward F. Mitchell, and Henry B. Heller

As Alice, who fell down the Rabbit's hole into the strange wonderland said, it felt as if things were getting "curiouser and curiouser."

"Who are you?" said the Caterpillar to Alice. "I-I hardly know, Sir...for I can't understand it myself...and being so many sizes in a day is very confusing."

From Alice in Wonderland by Lewis Carroll

All commissioners share the same goal: to ensure that Maryland's public school students receive a thorough and efficient education based on sound educational policies with attention to the individual child. Unfortunately, the majority report is fundamentally flawed because it is not premised on either fiscal or educational realities.

Make no mistake about it, the substantive long-term recommendations of the majority are not affordable and necessarily will translate into a major tax increase. We need to use our existing educational resources better before we embark on a course that will lead to increased taxes for our citizens without ascertainable and corresponding benefits.

We believe that the Governor's charge did not envision the "Alice in Wonderland" approach to school funding of the majority but instead called for a realistic assessment in terms of both affordability and educational results. Rather than take a hard business-like look at what works and what doesn't work in Maryland's public schools, the three tiered recommendations of the majority do not substantively address the root problems of our educational system. For all the Commission discussion about school performance "outputs," the thrust of the majority's report is dollar inputs. We must know by now that throwing money at problems, without programmatic change and accountability standards, is not the answer.

The majority's recommendations raise serious fairness and educational policy issues. Substantial increases in state aid for education are currently mandated by law over the next several years. Yet, despite its proposed infusion of massive new State tax dollars, under one of its recommendations, the majority would have several school systems lose state aid that is now programmed under current law. Such a policy is totally unacceptable. Education reform cannot mean helping some children at the expense of others.

We would be remiss not to express our dismay that the final recommendations did not make major changes to the preliminary report that was the subject of public hearing testimony. In its zeal to recommend substantial new dollars for education, the majority totally ignored those many members of the public who were critical of one item or another in the

preliminary report. It even adopted a major long-term recommendation that was never put before the public for comment. These failings seriously undermine the consensus and public confidence that must be present before true results-oriented educational reform can occur. By rushing forward and following the White Rabbit, the majority lost both its bearings and an opportunity.

Although much of this report is critical of the majority recommendations, we do wish to indicate our support of the proposals to expand early intervention programs such as the Extended Elementary Education Program for poor students and to fund programs for students with limited English proficiency. We also support the State Superintendent's proposal for better interagency coordination of existing resources and services for families and children. Indeed, we wish that the Commission had focused in depth on a few important issues such as these and developed more measured and fully considered recommendations.

Our major specific concerns are as follows:

Affordability

From a fiscal standpoint, we have grave reservations about the affordability of the majority recommendations for State taxpayers.

The three tiered recommendations basically reflect different assumptions as to economic and political acceptability. The full implementation or "if I had my druthers" recommendations cost \$572.4 million (\$1.6 billion cumulated) in excess of what is legally mandated over the next five years. The "scaled down" or modified implementation scenario would add slightly less than \$1 billion (cumulated) over the same period. This would include an increase of approximately \$333.9 million in FY 1999 over what is currently mandated by law for that year. The third tier "initial implementation" recommendations cost a "mere" \$47 million for FY 95. Like Alice during her adventures, the majority report seems to be in dire search of an identity.

The magnitude of these recommendations is apparent when one realizes that these amounts are in addition to the legally mandated "baseline" budget which already contains substantial built-in increases. For example, in FY 95, state basic current expense aid for public schools (K-12) is expected to grow by \$86.3 million (7.6%) without any changes in law. Total State funding will be almost \$1.982.2 billion. For FY 99, state aid for public education is expected to grow to \$2.513 billion. For that year, the increase over FY 94 funding is estimated at \$634.4 million. By any standard, these already programmed amounts represent significant dollar increases.

To the best of our knowledge, new revenue must still be raised the old-fashioned way. As stated previously, the "if I had my druthers" and "scaled back" recommendations undoubtedly will require a tax increase. In his briefing to the Commission, State Secretary of Budget and Fiscal Planning, Charles L. Benton, advised us that State general fund

projections show deficits beginning in FY 95. For FY 98, he projects the general fund deficit to be \$299.7 million. In his January 10, 1994, briefing to the Maryland's Future II conference, William Ratchford, Director of Fiscal Services for the General Assembly, also painted a worrisome fiscal picture for the State in the not so distant future. Warning of the possibility of a structural deficit, he projects revenue shortfalls of \$117 million in FY 96, \$308 million in FY 97, \$371 million in FY 98, and \$414 million in FY 1999.

The projected deficits neither account for the Commission's recommendations over the baseline nor for funding enhancements for new programs needed for other State priorities, such as health, social services, public safety, and higher education, including community colleges. It will be a challenge to find the means to fund the increases currently programmed under existing law - much less the recommendations of the majority. Without dramatic revenue increases, every dollar mandated by law for K-12 programs diverts funds from other equally important state government purposes.

Reliance by the Commission on "out-year" funding increases for these recommendations without specifying revenue sources is not fiscally honest. These recommendations, which are contrary to all reasonable fiscal projections, will only encourage unrealistic expectations by the public.

Even the initial implementation recommendations may be difficult to fund this year given the recent deliberations of the General Assembly's spending affordability committee showing a need to cut approximately \$80-85 million from the Governor's FY 95 budget. Indeed, the Governor has funded only \$24.4 million of these recommendations in his budget and made them contingent on a major cigarette tax increase. Finally, in order to be effective, the majority recommendations will in all likelihood impose substantial administrative costs on an already hard-pressed State Department of Education. These costs were not discussed by the Commission in any serious way and may raise additional affordability concerns as efforts to streamline State government continue.

Educational Policy Issues

General

From the Commission's discussions, there is a common understanding that throwing money at the problems in the schools is not the answer. Yet, as its recommendations offer few programmatic initiatives for educational improvement, that is exactly what is being proposed. The majority offers no clear vision as to how the State's school districts should use existing resources or its proposed new money (if and when it appears) to achieve the goals of the Maryland School Performance Program.

Except perhaps for early education, there was little discussion or analysis of what programs work and how those programs can be replicated statewide. Aside from the proposed infusion of new money and endorsement of the State Board of Education's proposal

concerning reconstitution of failing schools, the majority report is "business as usual."

Major surgery is recommended to the existing school funding formula based on the notion that major funding inequities exist between subdivisions. Yet, the Department of Fiscal Services advised the Commission that the "range of disparity" in Maryland is among the 10 lowest states in the nation. The ratio of per pupil spending in Maryland was 1.58 to 1 for fiscal year 1992. Maryland can hardly be compared to states, such as Texas, where the range shows a 6.75 to 1 disparity, New York with a 6.15 to 1 disparity, or Oklahoma, where the range is 3.60 to 1. Not counting Hawaii, which has a State system and, therefore no disparities, Maryland is much more comparable to "number two" Delaware, which has a range of 1.41 to 1 in per pupil spending. See, Education Week, June 17, 1992. (Data for States other than Maryland are for 1990-1991). Since the Civiletti Task Force recommendations were enacted by the General Assembly in 1984, the State has increased K-12 funding by hundreds of millions of dollars. Maryland has much to be proud of in terms of its commitment to public school funding.

The need to find out what is successful in the classroom is underscored by the dramatic finding in the majority report that among Maryland school districts, disparities in results far exceed disparities in spending. Testimony before the Commission clearly validated the commonly held intuition that poverty is an important indicator of poor school performance. Indeed, the poor performance of some schools in Montgomery County with both high poverty levels and high per pupil spending proves that more than just dollars are needed to make a difference.

Unfortunately, the text pertaining to the proposed discretionary targeted "poverty" grants provides little guidance or criteria as to how the money is to be spent and no indication as to how this program will be evaluated. Accountability is totally lacking. There is no indication as to how this program will relate to other poverty-related programs such as Chapter I, Compensatory Aid, Head Start, EEEP, and Maryland's Tomorrow. Before again rushing down a Rabbit hole, and throwing good money after bad, it makes sense to first evaluate similar efforts elsewhere as well as the Tesseract experiment in Baltimore City and the new Challenge Grant program. There is no plan. There is no vision. More money appears to be the Commission's only answer.

Foundation Funding/Cost-of-Living/Average Daily Attendance/Local Incentives

The proposed approach for determining an adequate foundation amount based on the average costs of the top three performing counties on the Maryland School Performance Program (MSPP) may be useful as a first discussion point but hardly should be used as an empirical basis for fundamentally changing the school funding formula. Even some educators and officials from those best performing counties lack confidence that their test results or costs should be used as the majority suggests. Many have noted that MSPP is new and continually developing. An objective and comprehensive study, as conducted in Massachusetts, is required to determine what it really costs to provide an adequate education

for our children.

We are disappointed that the majority did not recommend an adjustment to the basic current expense formula to reflect "cost-of-living" differentials among jurisdictions or an adjustment to reward jurisdictions that go the extra mile to provide significant local funds for education. While we support the average daily attendance incentive grant recommendation of the majority, the basic current expense formula should be adjusted to account for either average daily attendance or average daily membership. Other states use average daily attendance without management problems. To avoid hardship on any jurisdiction, the proposed adjustment could be phased-in.

With respect to the cost-of-living issue, equal dollars clearly do not buy equal services in each county. Ten years ago, the Civiletti Task Force pointed out that **price variations in purchasing power can account for almost one-third of the disparity in per pupil expenditures** in Maryland. Addressing similar concerns, Florida and other states have incorporated cost differential factors in their state aid formulae without fanfare or problem. It should be done in Maryland.

Capping of State Retirement Payments

The recommendation to cap State retirement payments for teachers at FY 95 spending levels is misguided and represents a significant retrenchment from the State's longstanding commitment to ensure appropriate compensation for the educators who are directed to achieve success for every student. It creates an unfunded mandate for local government at a time when the localities are still reeling from the recession and will result (like the transfer of social security obligations) in local school aid being diverted from the classroom.

The State's commitment to make retirement payments for teachers goes back to 1927. It was an element of a State/local partnership to ensure adequate and appropriate teacher compensation. Unlike traditional categorical grants that go to the jurisdictions with a stated purpose, the State's contributions are not truly allocated to one or another locality. **These are not grants to school systems. They are monies paid by the State, into a State retirement system, for individual employees.** Employees who retire from one school system often have previous experience in other school districts in the State. Their creditable service from throughout the State is factored into the calculation to derive their pension, further reflecting that these costs are not attributable to any one jurisdiction.

School districts are creatures of State law and the State Board of Education has overall responsibility for educational policy, including collective bargaining and other personnel matters. In some counties, the Governor appoints local school board members. In others, local school board members are independently elected pursuant to State law. Teachers are not county employees. Collective bargaining for teachers is subject to State authorization and procedures. It is often forgotten that County governments are removed from the collective bargaining process in the schools - except insofar as they approve the school

system budget. County governments do not set teacher salary levels even though they must fund teacher salaries. We are not suggesting that these institutional and personnel relationships be changed. Rather, they are raised to show the strong State involvement in the current system that is totally ignored in the majority report.

This strong State nexus in the current system is underscored by the fact that local governments neither manage the State teachers' retirement and pension systems nor control its benefits, contribution levels, or investment policies. It is not surprising that some local governments view the majority proposal as a vehicle to shift the State teachers' retirement and pension systems' substantial unfunded liabilities on to their backs.

Conceived in the name of greater "equalization", the majority recommendation may adversely affect the quality of education in poor school districts by providing a disincentive for them to increase teacher salaries and attract and retain the best teachers. Indeed, one educator from northeast Maryland expressed his concern at the public hearing that this recommendation could put his school district at a competitive disadvantage with school systems in Delaware and southern Pennsylvania.

The preliminary report projections (not shown with the majority report) reveal the adverse impact that this recommendation will have on several local jurisdictions under the modified implementation scenario. Given affordability constraints and the lack of revenue options at the local level, the children of this State clearly will not benefit. In local jurisdictions that have already raised their piggyback income taxes to the maximum level, either additional pressure will be placed on the more regressive property tax or governmental services will be cut. Is this what we want? Local governments have enough funding problems. We should not be creating more.

All these considerations demonstrate a clear State interest and rationale in maintaining the existing State/local partnership in sharing teacher compensation costs. Moreover, this recommendation will undermine both school systems that currently perform well and those that are striving to do better. It should not be implemented.

Limited English Proficiency (ESOL)

We support the majority recommendation to make permanent the grant program that provides additional funding for limited English proficiency programs. These services are critical to enhancing the productivity and social adjustment of students for whom English is not the native language. Over the last decade, the needs of this special population have grown dramatically.

The proposed \$500 per student grant level, however, only covers 25% of the cost of these programs. One thousand dollars (\$1,000) or 50% of these costs reflects a more appropriate State/local funding partnership.

Poverty Grants

Although we are supportive of the concept of targeted poverty grants, a real question exists as to how and for what purposes the money will actually be spent. While we believe, along with the majority, that some funds could be targeted to individual schools, it is important that targeted funds flow through the school system central offices and that the expenditure of funds be consistent with the policies of the local board of education. For accountability purposes, these grants must be coupled with strong provisions for program evaluation.

Most importantly, we are very concerned with the distribution mechanism proposed for the poverty grants. The recommendation proposes that \$20 million would be provided through grants of \$1500 for every child living in poverty as measured by students' approved applications for free or reduced lunch. Competitive grants would be given to schools with the highest percentage of poverty students.

There are 191,171 poor students in Maryland. While Baltimore City is the residence of the greatest percentage (38.4%) of these students, Prince George's (16.6%) Montgomery (9.6%), Baltimore (6.9%), and Anne Arundel (4.1%) counties all have significant numbers.

At \$1500 per student, the proposed \$20 million program covers only 13,330 students. The Governor's budget provides for an \$8 million program that would cover 5,333 students. In terms of concentration of poor students, the majority report notes that among individual schools, all but eleven of the 117 elementary and secondary schools with the highest percentage of poor students (70% or more) are located in Baltimore City. **Yet, as the statistics amply demonstrate, there are significant numbers of poor students throughout the State.**

The proposed distribution approach may create an incentive for jurisdictions to heavily concentrate poor students in the same school through school boundary decisions. It is also more likely to penalize larger schools. Given the limited fiscal resources to fund even this element of the majority's report, it is essential that these monies be distributed in a manner that reaches students in poverty in all Maryland's school districts. **We suggest that, as a guide, each jurisdiction be allocated funds based on its proportion of poor students. To the extent that this recommendation is implemented, its parameters should be established by legislation with close oversight by the General Assembly. The focus of this program should be on the poor student - not the concentration of poverty in schools.**

Finally, the Commission recommends an additional \$500 "for every child living in poverty." It then recommends that allocations be adjusted based on the wealth of the local jurisdiction in which the child happens to reside. Equalization seriously undermines the purpose of this grant and cannot be supported.

Special Education

The majority recommendations envision eventually (after FY 95) folding in the costs of educating Intensity 4 students into an increased foundation amount. The proposal would provide \$4,000 only for each Intensity 5 student who is publicly educated. Intensity 4 children are also expensive to educate but the majority report ignores special funding for these students. We are very concerned that the effect of the majority proposal is to reduce the aid for these students with special needs.

Special education is required by federal and State mandate. These costs continue to escalate dramatically. The proposed increased foundation grant will not even minimally cover these costs. It is inappropriate to recommend reductions in aid for these students.

Accountability/Categorical Grants/Incentive Grants

In our view, the lack of strong accountability provisions in the majority report is one of its most glaring weaknesses. We have previously mentioned the lack of accountability in specific areas.

An effective and rigorous accountability system needs to be tied to any increased funding. Indeed, we think that accountability must be improved for existing and already programmed State aid. But in the majority report, we see no link, other than incentive grants for exemplary or challenged schools and the reconstitution of failing schools, between the proposed massive infusion of dollars and student outcomes. Clearly, more work needs to be done on accountability measures before more new dollars are spent.

The proposal to eliminate most categorical grants and fold them in to a higher foundation amount will result in less accountability to the public than under current law. Aid for specific programs provides more accountability because funds must be spent for the purpose specified. Given the normal pressures on school budgets, we are concerned that other important programs such as those for gifted and talented students, special education, and school transportation will not be adequately funded.

Throughout the majority report, much responsibility is given to the State Department of Education for distributing discretionary grants and for handling the reconstitution of failing schools. Little is mentioned in the way of specific criteria. While we have great respect for the Superintendent and the personnel of the Department, it must be remembered that they, too, must be held accountable for both wise and fair distribution of funds and better school performance. More specificity should be required in that regard before funds are appropriated.

Accountability is essential to build the public confidence necessary for continued education reform. Without strong public confidence and the input and support of local government and school systems, efforts for education reform will fail.

Conclusion

The majority report is not unlike the statement of the Queen of Hearts at the trial of the Knave in Alice in Wonderland: "Sentence first - verdict afterward." The Commission needed to first determine the verdict, that is, what works and what doesn't work in the State's classrooms before recommending its hundreds of millions in additional spending. Instead, the majority focused on the spending side and pronounced its "sentence" first. The result is a proposal that is not affordable, which lacks real programmatic initiatives, and that does not contain strong provisions for accountability. It only encourages unrealistic expectations.

In fairness, the Commission was given a very broad charge and a very short time-frame in which to study this complex, and perhaps, intractable set of issues. Before wholesale changes are made to the school funding formula, it is clear to us that much more empirical and detail work needs to be done on many issues, including the foundation amount calculation, specific new programs or approaches for the classroom, and accountability standards and relationships.

We believe that it is very important for a commission of this nature to consider fiscal realities. We do not live in the world of Alice in Wonderland and we need to use our existing resources better before asking the taxpayers to spend substantially more without an ascertainable and corresponding benefits. The majority report is practically silent on ways in which we can better spend the approximately \$2 billion dollars of existing State aid (much less the \$2.5 billion already programmed for FY 99) to achieve higher school performance.

Lewis Carroll challenged his generation of Victorian educators to do better. For the sake of our children and their children, we need to do the same.

Statement of Commissioner Stephen Lenzo

I appreciated the opportunity to serve on the Governor's Commission on School Funding and deeply regret that the Commission was unable to reach consensus on fundamental issues important to the children of this state and their teachers. I further regret that this lack of consensus is not clearly reflected in the document proposed as the majority report. Therefore, I must in good conscience and in the public interest advance this dissent as a minority report.

As one of the few Commissioners who actually serves in a capacity reflecting the needs of children and public schools throughout Maryland, I am distressed that issues of providing every Maryland child an equitable opportunity to learn fall so quickly and bitterly into inter-subdivision warfare as reflected by the majority report's continued inclusion of the recommendation to shift retirement and pension costs onto local government. Its inclusion in this report suggests that this was the primary objective of some on the Commission, despite the Governor's clear admonitions otherwise, as it flies in the face of the testimony received even from locales which formerly were thought to support it.

The majority report, in fact, fails to reflect the discussion and argument brought to the Commission in the several regional hearings in November. This Commissioner was one of only three of the twenty-three Commissioners who attended each hearing, arrived on time, and remained attentive throughout.

I believe that some of the recommendations are worthy, but their coupling in this majority report with the retirement/pension cost shift and with spurious issues based on specious arguments, such as that reflected in Recommendation 12, reflect absolutely no forward vision for genuine school reform in Maryland.

Specifically, I support:

- Dr. Grasmick's September 29 Option 2 proposal to provide foundation funding that will enhance the abilities of school systems to provide a rigorous, fundamental education;
- Requiring local jurisdictions to provide funding necessary for high quality education;
- Increasing targeted funding for children living in or near poverty;
- Guaranteeing every Maryland child an equitable Opportunity to Learn based on school community needs identified locally to address problems that interfere with student learning;
- Coordination of resources and services to ensure that needy children obtain

them;

- Providing additional funding for special education services and avoiding inappropriate "inclusion" practices driven by underfunding;
- Providing additional funding for limited English proficiency services;
- Dr. Grasmick's higher recommendation of \$700 for additional services to highly able students;
- Empowering parents and teachers and other members of school communities to identify what students need in order to have an equitable Opportunity to Learn and to have resources applied, whether within or outside the school to enable every Maryland child to learn;
- Empowering teachers and principals to obtain professional development experiences which will help them continue to meet the needs of educating children as a further component of guaranteeing each child an Opportunity to Learn.

As stated before, I oppose completely the inclusion in the majority report the cost shift of retirement and pension costs onto local governments and the intrusion of the state board of education into local collective bargaining agreements beyond its current involvement.

I also seriously oppose the report's bias toward continued underfunding of children's needs represented by any proposal less than the level Dr. Grasmick recommended on September 29.

Finally, wrapping the proposal of increased school funding in the clearly unacceptable and, indeed, exacerbating retirement/pension cost shifts, and additional narrow agenda proposals which would distract the people of Maryland from a serious consideration of fundamental management and bureaucracy reforms does not merit this Commissioner's support.

Therefore, I dissent from the majority report and will support only its separate and severable meritorious elements.

EXHIBIT 1

DIFFERENCES IN ACHIEVEMENT IN SCHOOLS WITH DIFFERENT PROPORTIONS OF STUDENTS LIVING IN OR NEAR POVERTY

Percentage of Students Receiving Free or Reduced Price Meals In A School With Grades 3, 5 and/or 8	AVERAGE PERCENTAGE OF STUDENTS SCORING SATISFACTORY OR BETTER ON MARYLAND SCHOOL PERFORMANCE ASSESSMENT PROGRAM TESTS, 1992								
	GRADE 3			GRADE 5			GRADE 8		
	NO. OF SCHOOLS	READING	MATH	NO. OF SCHOOLS	READING	MATH	NO. OF SCHOOLS	READING	MATH
0-4.9%	80	47.4	51.3	79	43.7	69.7	18	42.4	59.7
5-9.9	85	39.2	40.1	88	34.3	56.6	29	30.6	48.7
10-14.9	80	35.4	34.9	80	33.5	54.1	26	25.4	40.3
15-19.9	79	29.4	31.2	79	28.1	45.9	23	29.5	35.5
20-24.9	61	28.9	27.4	62	27.6	44.2	19	25.4	35.2
25-29.9	46	26.6	24	46	21.9	35.9	19	19.4	23.7
30-34.9	58	24.6	21.9	53	21.8	36.2	16	17.9	28.4
35-39.9	49	21.7	19	43	18.8	33.1	20	17.4	21.1
40-44.9	43	21.9	17.9	41	17.6	29.2	10	17.1	25.6
45-49.9	25	17.5	13.2	26	15.7	28.7	6	15.8	22.5
50-54.9	25	16.7	12	23	14.9	23.6	2	10.5	17.5
55-59.9	21	16.6	12.2	20	14.1	24.6	3	16	15
60-64.9	15	13.3	11.5	14	11.8	23	5	12.2	15.2
65-69.9	11	12.4	8.7	10	7.2	17	5	6.4	7.6
70-74.9	13	12.6	10	13	8.7	25.8	4	4.8	3
75-79.9	10	17.4	14.7	10	8.3	27.4	5	3.4	4
80-84.9	13	10.7	10.8	14	8.1	21	3	2.7	5
85-89.9	21	7.3	7.1	20	7.6	14.6	1	2	1
90-94.9	11	8.4	11.6	12	5.1	12.7	1	1	1
95-99.9	8	4	5	8	5.4	11.3	0	0	0
100%	5	8.2	5.2	5	7	15.8	1	0	1
STATEWIDE	759	30.8	29.6	746	27.5	45.9	216	24.6	37.4

NOTE School Test data used to compute averages were whole numbers (no decimals were rounded).
Averages were rounded to the decimal.

EXHIBIT 2
THE EXTENT OF POVERTY IN MARYLAND'S SCHOOL SYSTEMS, THE LOCATION OF
SCHOOLS WITH HIGHEST CONCENTRATION OF STUDENTS LIVING IN OR NEAR
POVERTY, AND THE NUMBER OF POOR CHILDREN IN THOSE SCHOOLS
1991-1992

<i>School system</i>	<i>Percentage of student population approved for free or reduced price meals</i>	<i>Number of students approved for free or reduced price meals in the schools with 45% or more poor children</i>	<i>Number of schools with 45% or more poor children</i>
Allegany	42.1	2,723	12
Anne Arundel	11.8	719	4
Baltimore City	67.0	65,356	148
Baltimore County	14.7	489	2
Calvert	12.9	0	0
Caroline	33.4	293	1
Carroll	8.4	0	0
Cecil	17.7	0	0
Charles	17.1	251	3
Dorchester	39.4	735	3
Frederick	13.0	85	1
Garrett	40.1	765	6
Harford	14.8	853	3
Howard	5.9	0	0
Kent	27.6	0	0
Montgomery	17.0	2,480	10
Prince George's	28.6	12,374	41
Queen Anne's	20.2	0	0
St. Mary's	21.3	654	2
Somerset	51.4	1,413	8
Talbot	20.8	0	0
Washington	28.2	1,220	8
Wicomico	24.9	0	0
Worcester	33.0	481	3
State Total	26.1	90,891	255

EXHIBIT 3
GOVERNOR'S COMMISSION ON SCHOOL FUNDING
FULL IMPLEMENTATION OF LONG-RANGE FUNDING PROPOSAL
(millions of dollars)

	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	Increase Over FY 94
Foundation Grant	\$1,367.9	\$1,580.3	\$1,780.1	\$1,980.2	\$2,193.3	\$1,053.8
Poverty Grant	105.8	111.6	118.9	126.7	134.6	49.6
Targeted Poverty	15.0	35.0	60.0	85.0	110.0	110.0
Special Education	108.2	119.2	132.3	147.1	164.1	28.7
LEP Grant	6.0	6.4	6.8	7.2	7.7	1.9
Highly Able	5.4	5.7	6.1	6.5	6.9	4.8
Full Day Kindergarten	0.0	10.0	20.0	30.0	40.0	40.0
Extended Elementary	23.6	23.6	23.6	23.6	23.6	12.0
Incentive Grants	10.0	12.0	14.0	16.0	18.0	10.0
Family Resource Ctrs.	1.8	1.8	1.8	1.8	1.8	1.8
Retirement	376.7	376.7	376.7	376.7	376.7	18.8
All Other	8.0	8.2	8.4	8.5	8.7	(124.6)
Transportation	45.7	0.0	0.0	0.0	0.0	0.0
Magnet Schools	4.3	0.0	0.0	0.0	0.0	0.0
TOTAL	2,078.6	2,290.6	2,548.7	2,809.4	3,085.6	1,206.8
CURRENT LAW	1,974.7	2,076.2	2,231.1	2,383.6	2,513.2	634.4
Diff. Over Current Law	103.9	214.3	317.6	425.8	572.4	572.4
Annual Increase	199.8	212.0	258.1	260.6	276.2	

Foundation Grant: Under existing law local school systems receive a basic grant per student (or foundation) to be funded by the state and counties. Overall the state share is about 50%, but the state share varies in relation to the "wealth" of a county, as measured by net taxable income and assessable base. Less "wealthy" counties receive more state aid than "wealthier" counties. This proposal increases the foundation to \$5,418 by F.Y. 1999: a 70% increase over the F.Y. 1994 foundation.

Poverty Grant: This is a wealth adjusted grant to each school system based on the number of children eligible for free or reduced price lunch (the initial grant of \$500 per student increases by inflation). This program replaces the current compensatory aid based on federal Chapter I student counts.

Targeted Poverty Grant: The commission recommends a new grant targeted to high poverty schools based on the number of students in the school eligible for free or reduced price lunch. Funding for the program at \$1,500 per student would be phased-in.

Special Education: Under the commission's proposal school systems would receive a \$4,000 grant per each student with disabilities requiring high intensity services (Level 5). The grant would increase with inflation and there would be no change to the funding for nonpublic placements.

LEP Grant: The commission's proposal provides a grant to each school system of \$500 per the number of students identified as limited English proficient. The grant would increase with inflation.

Highly Able: Each school system would receive a grant to provide programs for highly able students. The \$500 per 1.5% of a school system's student population would increase with inflation.

Full Day Kindergarten: The commission recommends funding for full-day kindergarten in high poverty schools. Funding would be phased-in over four years beginning in F.Y. 1996.

Extended Elementary: The proposal includes funds to expand the existing pre-kindergarten program for disadvantaged children to all eligible sites.

Incentive Grants: These funds are for grants to exemplary schools, schools making substantial improvements, or schools not making progress in meeting performance standards (challenge schools).

Family Resource Ctrs. Grants to each school system to provide services for one school as a model for collaboration among schools, social services, juvenile justice, health, library, and recreation agencies.

Retirement: The state pays the employer's retirement costs for local teachers. Under the commission's proposal these payments would be capped at the F.Y. 1995 level. The local school systems would become responsible for paying any additional costs beginning with F.Y. 1996.

All Other: The proposal folds most current categorical funding programs into the foundation grants. The decrease over F.Y. 1994 reflects this. The amounts shown represent those programs not folded into the foundation (adult education, food service, returnees to Maryland, Maryland student service alliance, the science and math initiative, and rural school performance). Two programs -- grants for school bus transportation and magnet schools -- are folded-in over two years.

EXHIBIT 6 GOVERNOR'S COMMISSION ON SCHOOL FUNDING MODIFIED IMPLEMENTATION OF LONG-RANGE PROPOSAL
TOTAL EDUCATION AID PROJECTIONS
(dollars in thousands)

COUNTY	1994	1995	1996	1997	1998	1999	DIFFERENCE 1994 - 1999
ALLEGANY	34,203	36,624	38,057	39,970	41,474	43,279	9,076
ANNE ARUNDEL	154,511	159,968	166,806	175,835	186,262	197,939	43,428
BALTIMORE CITY	391,021	418,753	452,889	488,348	523,629	559,365	168,344
BALTIMORE	197,049	220,006	237,236	258,473	280,245	303,282	106,233
CALVERT	26,435	29,839	32,726	35,942	38,986	42,302	15,867
CAROLINE	15,925	17,602	18,648	20,189	21,908	23,718	7,793
CARROLL	60,985	66,080	71,901	77,783	84,378	91,183	30,198
CECIL	37,824	41,482	44,206	47,280	50,740	54,340	16,516
CHARLES	54,453	58,704	63,420	69,461	76,315	83,952	29,499
DORCHESTER	16,045	17,397	18,509	19,942	21,039	22,506	6,461
FREDERICK	73,547	80,884	87,522	94,994	102,093	109,456	35,909
GARRETT	16,975	17,785	18,196	19,241	19,979	20,689	3,714
HARFORD	89,100	97,428	105,017	114,394	123,603	133,022	43,922
HOWARD	67,358	73,946	80,425	87,252	94,735	103,103	35,745
KENT	6,604	6,619	6,755	7,048	7,326	7,600	996
MONTGOMERY	150,154	159,048	163,438	175,425	187,841	200,356	50,202
PRINCE GEORGE'S	308,506	334,972	353,215	380,217	408,639	438,964	130,458
QUEEN ANNE'S	13,779	14,899	15,743	17,166	18,509	20,049	6,270
ST. MARY'S	37,334	39,764	43,443	47,890	52,211	56,562	19,228
SOMERSET	11,643	13,124	13,762	14,652	15,297	16,075	4,432
TALBOT	5,918	5,980	6,145	6,622	6,843	7,028	1,110
WASHINGTON	53,398	58,232	62,240	66,918	72,004	77,212	23,814
WICOMICO	38,107	42,041	44,970	48,298	51,676	55,427	17,320
WORCESTER	6,894	7,165	7,467	7,637	8,211	8,802	1,908
SUBTOTAL	1,867,768	2,018,342	2,152,736	2,320,977	2,493,943	2,676,211	808,443
TARGETED POVERTY	0	15,000	35,000	60,000	85,000	110,000	110,000
FULL DAY KINDER.	0	0	10,000	20,000	30,000	40,000	40,000
INCENTIVE GRANTS	7,981	10,000	12,000	14,000	16,000	18,000	10,019
FAMILY CENTERS	0	1,800	1,800	1,800	1,800	1,800	1,800
OTHER	3,033	984	1,004	1,025	1,045	1,066	-1,967
	1,878,782	2,046,126	2,212,540	2,417,802	2,627,788	2,847,077	968,295

NOTES: 1) County-by-county projections based on enrollments and wealth bases as estimated by the Department of Fiscal Services.

2) County-by-county allocations are currently unavailable for the targeted poverty grants, full day kindergarten funding, and incentive grants. It is proposed that each school system would receive a \$75,000 grant to establish a model family resource center in a school. Beginning with F.Y. 1995 the other category includes funds for the Maryland student service alliance, the rural school performance, and science & math initiative statewide programs.

EXHIBIT 7
GOVERNOR'S COMMISSION ON SCHOOL FUNDING
INITIAL IMPLEMENTATION OF LONG-RANGE FUNDING PROPOSAL

<u>Initiative</u>	<u>FY 1995 Request</u>
Poverty Grants	\$20 million
Extended Elementary Education Program	\$12 million
Family Resource Center Pilot Program	\$1.8 million
Limited English Proficiency Grants	\$6 million
School Performance Incentives*	\$15.5 million
<hr/>	
TOTAL	\$55.3 million
Minus Challenge Grant Funding	-\$7.9 million
NEW FUNDING REQUIRED	\$47.4 million*

- Poverty Grant:** Grants of \$1,500 for every child approved for free or reduced price meals will be awarded to schools that develop comprehensive plans for redesigning educational programs for poor children. Among those with the best plans, the State Superintendent and State Board of Education will give priority to schools with the highest concentrations of children living in poverty.
- Extended Elementary:** Funding for existing sites will increase and new funding will be provided to open an additional 146 sites.
- Family Resource Pilot:** Each jurisdiction in the state will receive \$75,000 to develop a pilot program of collaboration between a school and various local agencies.
- LEP Grant:** School systems will receive \$500 for every student identified as limited English proficient.
- School Performance:** \$5.5 million will be devoted to high attendance grants. School systems will receive \$900 per student for the percentage of students in attendance in excess of the state average attendance rate. \$2.1 million will be devoted to expanding the state's role in promoting improved school performance, including reconstitution responsibilities and the training of educators who agree to assist schools needing to improve. The remaining \$7.9 million is already budgeted for Challenge Grants.

* All other mandated and non-mandated funding currently budgeted for fiscal year 1995 will continue.

EXHIBIT 8

COMPARISON OF READING, MATHEMATICS, SOCIAL STUDIES, AND SCIENCE TEST SCORES, AND SELECTED SCHOOL SYSTEM AND STUDENT CHARACTERISTICS

The fold-out table on the following page describes disparities in the resources, performance, and student characteristics of Maryland's twenty-four school systems, using data from the 1991-92 school year:

Resources:

- ▶ Per pupil costs (\$)
- ▶ The number of instructional staff per 1000 students enrolled

Performance:

- ▶ The percentage of students enrolled in grades 3, 5, and 8 achieving satisfactory or better results on the Maryland School Performance Assessment Program tests for reading, mathematics, social studies, and science

Student Characteristics:

- ▶ The percentage of students enrolled who were not approved for free or reduced price meals*
- ▶ The percentage of students enrolled who were not minorities*

The table converts each variable into a single scale -- percentage above and below the state average. In this way, the degree of disparity for each of these variables can be compared and contrasted with the others. For example, there are 60.7 instructional personnel per 1000 students statewide. Talbot County, with the highest ratio (69.2), is 14% above the state average, while Calvert County (52.8) is 13% below the average. This relatively narrow range contrasts to eighth grade science performance: Statewide, 30.5% of eighth grade students achieve satisfactory or better results; Howard County students perform 64% above the state average and Baltimore City students perform 80% below the average.

It should be noted that this table compares only the system-wide averages for the variables listed. As the quality and usefulness of data at the individual school level continues to improve, more analyses should focus at that level.

* Analyses of data indicate that schools with higher percentages of students receiving free or reduced price meals (an indicator of poverty) or higher percentages of minority students tend to perform more poorly than schools with lower percentages in either of these two categories. Since the performance measures are displayed visually with higher scores at the "top" and lower scores at the "bottom," the poverty and minority variables are likewise displayed in descending fashion, expressed by the percentage of students not in the categories described.

COMPARISON OF READING, MATHEMATICS, SOCIAL STUDIES, AND SCIENCE TEST SCORES, AND SELECTED SCHOOL SYSTEM AND STUDENT CHARACTERISTICS

Variation from State	SCHOOL SYSTEM			MARYLAND SCHOOL PERFORMANCE ASSESSMENT PROGRAM TEST RESULTS, SPRING 1992												STUDENT		
	CHARACTERISTICS 1991-92		READING			MATHEMATICS			SOCIAL STUDIES			SCIENCE			CHARACTERISTICS 1991-92			
	Per Pupil Costs 1991-92	Instructional Staff Per 1000 Pupils	Percent Satisfactory or Better			Percent Satisfactory or Better			Percent Satisfactory or Better			Percent Satisfactory or Better			Percent Without Free/Reduced Meals	Percent Not Minority		
			GRADE 3	GRADE 5	GRADE 8	GRADE 3	GRADE 5	GRADE 8	GRADE 3	GRADE 5	GRADE 8	GRADE 3	GRADE 5	GRADE 8				
PERCENT ABOVE STATE	+70																	
	+69																	
	+68																	
	+67				M 41.4													
	+66					HO 49.3										G 99.5		
	+65																	
	+64												HO 50.1					
	+63																	
	+62															AL 97.0		
	+61				HO 39.8, F39.6												CARR 96.6	
	+60																	
	+59								HO 59.6									
	+58																	
	+57																CE 93.9	
	+56																WA 93.4	
	+55				F 42.7								HO 57.8					
	+54																	
	+53														M 46.8			
	+52										HO 48.3/F 48.2							
	+51																	
	+50			F 46.4	HO 41.4				M 56.1							F 45.8		F 90.5
	+49			K 46.0		CARR 36.7					HQ 50.9							
	+48						M 43.8											
	+47												CAL 46.7			CARR 44.9		
	+46													HO, K 51.1				
+45				M 40.1										M 54.0	G 44.4			
+44																		
+43						F 42.9				F 49.2		M 45.4	M 50.1					
+42			M 43.9							HO 52.7							HA 84.9	
+41							M 65.1	F 52.9			M 48.2						QA 84.0	
+40			QA 42.9						M 51.6		CARR 44.4							
+39																		
+38								CARR 51.6						F 51.5				
+37																		
+36													QA, F 47.6				CAL 81.5	
+35															QA 41.4		AA 80.7	
+34			HO 41.5				QA 39.8			F, K 49.5								
+33								HA 50.0										
+32												QA 42.1			CAL 40.5		ST 78.8	
+31																	CARQ 78.7	
+30			HA 40.1		CAL 32.3		HA 38.5	F 60.0				G 41.7						
+29				AA 35.5		B 38.4											HQ 77.6	
+28					HA 31.7							HA 40.9						
+27										HA 43.8								
+26	M \$7,377									K 43.4	K 40.4		CARR 47.4			HQ 94.1		
+25					G 30.9												B 75.4	
+24										CAL 42.7				AA 46.8	HA 38.3		CARR 91.6	
+23									HA 45.6				G 43.5				CH 73.8	
+22							AA 56.2										T 73.0	
+21			G 37.3		B 29.8							T 38.5	HA 42.9	CAL, G 45.6			K 72.5	
+20				CARR 33.1														
+19				OA 33.0									CAL 42.3					
+18																		
+17																		
+16																		
+15			CAL 35.8															
+14			AA 35.6														B 85.3, HA 85.2	
+13		T 69.2																
+12				K 31.2	K 28.0, WA 27.8	CARR 33.8			G 42.5, B 42.3	B 42.2					K 34.9			
+11	HO \$6,481	WO 67.9					CAL 51.8		AA 41.7					B 39.7		B 41.7	M 83.0, CH 82.9	
+10		G 67.2	CARR 34.1			AA 32.9		G 50.9		CARR 41.0							CE 82.3	
+9																		
+8																		
+7																		
+6	B \$6,200	ST 65.3 B 64.5, CE 64.8 K 64.4 HO 64, WA 64.1, WI 63.9	B 32.9														ST 78.7	
+5																		
+4	WO \$6,104			HA 28.9		AA 26.0			CE 39.5									
+3	K \$6,016	M 62.8						CA 31.0			QA 35.6				CE 39.0			
+2		QA 61.9							WO 47.0					CARO 36.2		CE 31.7		
+1		CH 61.3, F 61.3		ST 28.1	CH 25.2											T 31.1		
		AL 61, SO 61.2			AL 24.9												WI 75.1	
STATE WIDE	5,823	60.7	30.8	27.5	24.6	29.6	45.9	37.4	36.8	34	31.7	35	37.2	30.5	73.9	59.8		
PERCENT BELOW STATE	-1																	
	-2	AA \$5,713	D 59.8	CARO 30.7						CE 36.9					WA 30.3			
	-3	ST \$5,668	AA 59.1, HA 59.3	CE 30.4			T 29.2		WA 37.3				AL 31.2		AL 29.8		M 59.2	
	-4	PG \$5,637	CARO 58.7										AA 30.9					
	-5	QA \$5,592	CARR 57.9				WA 28.5									K 72.4, WA 71.8	D 57.9	
	-6		BC 57.4, PG 57.6													PG 71.4		
	-7																	
	-8	CH \$5,448							CH 35.3				CH 29.6			ST 28.5		
	-9	CAL \$5,423																
	-10	DO \$5,367		SO 28.4		DQ 22.8	CE 27.3	WA 42.3	WO 35.1	CE, WA 34.1 T 34								
	-11									WO 33.8	T 31.3				CH 27.9			
	-12	F \$5,327																
	-13	WA, T		WA 28.2			CE 42.1	T 34.2			AL 30.7	ST 28.7					WO 67	
	-14																CARO 66.6	SO 54.4
	-15			CH 27.9	T 25.0													
	-16	CARR \$5,189			CE 24.5													
	-17	BC \$5,182								K 33.3		WO 29.8		WI 31.0	AL 32.5			
	-18																	
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Abbreviations for school systems are as follows: AL (Allegany), AA (Anne Arundel), BC (Baltimore City), B (Baltimore County), CAL (Calvert), CARO (Caroline), CARR (Carroll), CE (Cecil), CH (Charles), D (Dorchester), F (Frederick), G (Garrett), HA (Harford), HO (Howard), K (Kent), M (Montgomery), PG (Prince George's), QA (Queen Anne's), ST (St. Mary's), SO (Somerset), T (Talbot), WA (Washington), WI (Wicomico), and WO (Worcester).

SOURCES OF DATA: (1) School systems' average per pupil costs are from the Maryland State Department of Education's FACT BOOK, 1992. (2) Maryland School Performance Assessment program test results were used in 1993 to set State Board of Education standards that schools and school systems must meet in 1996. 1992 results are the baseline from which school and school system progress in improving results for students will be measured and reported by the State Department of Education. (3) Data on school system and student characteristics are from the MARYLAND SCHOOL PERFORMANCE REPORT, 1992, STATE AND SCHOOL SYSTEMS.

RECORD OF MEETINGS, HEARINGS AND INVITED PRESENTATIONS

- May 26, 1993 Organizational Meeting
 William Donald Schaefer, Governor of Maryland
- June 11 Overview of School Reform and Finance in Maryland and Nationally
 Bruce Gartner, Fiscal Analyst, Department of Fiscal Services
 Bonnie Copeland, Deputy Superintendent of Schools, MSDE
 Kathy Rosenberger, School Performance Team, MSDE
- June 23 Cost of Providing Educational Services to Special Populations
 David Miller, Executive Director of Career and Technology Education, Administrative Computing, and Business Partnerships, Frederick County
 Edward Barber, Director of Business/Finance, Somerset County
 Louise Waynant, Associate Superintendent, Prince George's County
 Joseph Villani, Associate Superintendent, Montgomery County
 James McGowan, Associate Superintendent, Howard County
 John Rohrer & Melanie Wenger, Fiscal Analysts, Department of Fiscal Services
- June 30 Principles of Education Funding: Equity and Adequacy
 Margaret Goertz, Professor, Bloustein School of Planning and Public Policy, Rutgers University
 Susan Goering, Legal Director, American Civil Liberties Union Foundation of Maryland
- July 21 Problems in Education Funding: Fiscal and Accountability Issues
 John Rohrer, Department of Fiscal Services
 Robert Gabrys, Assistant Superintendent for School Performance, MSDE
- August 4 Local Perspectives on Funding, Resources, and Accountability
 Jerome Ryscavage, Superintendent of Schools, Garrett County
 Ray Keech, Superintendent of Schools, Harford County
 Katheryn Gemberling, Deputy Superintendent for Instruction, Montgomery County
- August 26 State Revenue and Expenditure Projections; Review of Baltimore City Public Schools
 Walter Amprey, Superintendent of Schools, Baltimore City
- September 8 Discussion of Solutions and Recommendations
- September 29 Examination of a New Framework for Funding
- October 13 Examination of a Modified New Framework for Funding
- October 28 Preliminary Decision Meeting
- November 15 Public Hearings: Hagerstown Junior College, Hagerstown; University of Maryland, Student Union Building, College Park
- November 16 Public Hearings: Chesapeake College, Wye Mills; Thomas Stone High School, Waldorf
- November 17 Public Hearing: Baltimore Polytechnic Institute, Baltimore
- December 13 Final Decision Meeting